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Empower Workers to Innovate and Entrepreneurship: Raison d'être of Successful Workers Cooperatives

Vrajlal Sapovadia

American University of Nigeria

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“Empower Workers to Innovate and Entrepreneurship: *Raison d'être* of Successful Workers Cooperatives”

Dr. Vrajlal Sapovadia

Introduction:

Indian cooperative movement has unique status, role and impact in the socio-economic development by providing impetus to employment. With 595215 cooperatives, largest cooperative movement in the world houses 249 million members, employing 16.69 million workers and self-employments (National Cooperative Union of India statistics, Indian Cooperative Movement at a Glance: 2008). Cooperative activities stand tall in economic sphere as third pillar. Cooperative movement is recognized as effective instrument for social development and viable economic enterprise. Workers' Cooperatives has grown over time, workers in the country has steadily grown (Sapovadia et al. 2013). This paper analyses selected 10 Workers Cooperatives engaged in different activities registered under various statutes.

Worker ownership is gaining attention in a variety of forms and regions. The study critically analyses workers cooperatives to find reasons over time of its success or failures, has qualitative research design employed on variety of entities. Study looks at phenomena of business cycle, value creation, value distribution, overlapping role of workers (as members, entrepreneurs and managers), management practices and innovation vis-à-vis business performance. We attempts to explore and interpret dynamism of activities and interactions among key stakeholders to ascertain success factors. We are studying various forms of workers cooperative to analyze the governance structure, system and processes vis-à-vis economic and social performance. This kind of research is important to determine success factors of cooperatives to replicate it for others (Carlberg et al. 2006).

Workers cooperatives are businesses like any other business; owned and controlled by their employees. Workers in business are essential like other assets. Workers cooperatives are found in several sectors of industry, e.g. construction, agriculture, producers, processing, restaurants, sewing, timber, dairy farming etc. The history of workers' cooperative is evolved to bring harmony between capital and labour. These cooperatives are also known as Industrial or Labour Cooperatives; registered under The Cooperatives Societies Act, Public Trust Act, Society Registration Act, Trade Union Act and Companies Act (Sapovadia et al. 2013).

What is Workers' Cooperative?

We mean 'workers cooperative', as a firm owned and controlled by workers; may not be formal cooperative. The right of ownership is derived being worker of cooperative. It is form of organization for employment of workers who are associated with one another for working together and joint reward from business.

Member participation and control are crucial for success of cooperative. Ownership of workers influences style of functioning; however success is based on entrepreneurship, sustainable innovation of products and business processes. The workers cooperative has immense potential to arrive at ideal form of cooperative which runs by and for each member; close to routine business affairs. It require skilled workforce in value-addition, actively interacting with market forces and understand importance of upgrading their skills to survive in market. They are active agents of change and responsible for success or failure. High frequency of interaction among workers may leads to disagreements, which needs to be controlled under able leadership (Seetharaman et al. 1981). Success of workers cooperative depends upon resources, entrepreneurial leadership, sustainable products, innovation, democratic governance, *esprit de corps*, fraternity, member centrality, adaptability, activeness, community and government

support. The literature reveals that economic and social performance of worker cooperative depends upon enabling conditions of their formation, environmental influences, and internal organizational characteristics (Sapovadia et al. 2013).

The Uralungal Labour Contract Cooperative Society Limited (ULCCS Ltd)

ULCCS Ltd is constructions cooperative society; ISO 9001:2008 certified (International Organization of Standardization); obtains construction contracts through competitive bidding process from reputed organizations to construct road, culverts, bridges, and modern building. The mission of ULCCS is to deliver quality and timely work. The focus of activities is on societal uplifting and nation building by providing appropriate job opportunities to downtrodden, through collective initiative of members. Over period of time, the membership is expanded and venturing into bigger works with higher investments, and procured new machineries for advanced constructions. ULCCS has well-defined organizational structure to execute decisions of the board and consultation wing to associate in making policy decisions.

ULCCS Ltd aims at imparting training to members at affordable rates and provides education to make them employable. The society has own facility for quality testing, stone crusher, granite quarry, crushing equipment, brick manufacturing, mechanical workshop etc. The society also ventures into agriculture sector with motive of providing employment to workers round the year. The society owns 33 acres farm to cultivate various garden crops like coconut, mangoes, spices, tapioca etc. The society has completed 3722 projects till date and 100 on-going projects on hand. (Sapovadia et al. 2013).

The members are encouraged to attend meetings, are expected to adhere to norms like maintaining peaceful atmosphere at worksite. The Board exercises strict discipline by punishing default members, can suspend defaulter but cannot remove the members without permission of general body. The society emphasize on establishment of professional governance starting from policy formulation, work execution and financial management. For various policy decisions it takes consultation from professional bodies.

Only workers can be elected as director, who is assigned responsibility of project execution to ensure timely completion. This system is derivative of cooperative principles helps in achieving excellence. Members attend cooperative education and training programs. A worker is free to take appropriate decision as per prescribed procedure; enabling worker to sharpen leadership skill. Worker gets daily wages for work done, usually higher than market with additional benefits like provident fund, medical allowance and gratuity. These practices make joint responsibility from bottom to top, which in turn improves contribution and efficiency by several folds leading to success.

Self Employed Women's Association (SEWA)

SEWA, Ahmedabad based union comprised of self-employed women is convergence of labour, cooperative and women's movement. The union is open for membership by nominal fees to self-employed women. Self Help Group (SHG) and cooperatives are formed, who are small vendors, home-based producers and labourers working in unorganized sector. SEWA's objective is to offer integrated plan for developments of self-employed women including childcare, leadership training through unique organizational structure of decentralization in governance with two-tier level of elected representation to govern the union.

SEWA organizes women workers through strategy of struggle and development for two main goals, employment and self-reliance. Members work in markets, from home, fields, forests, on riverbanks and in desert. The members are divided in home based workers, Vendors/Hawkers, Manual labourers and service providers/producers; who undertake activities like capacity building, livelihood, marketing,

financial services etc. SEWA's approach is need based and demand driven, by identifying the needs and issues of the communities they link with government schemes. This helps in leveraging government resources and policy action. Due to this approach and services like banking, insurance and health care, the expansion and growth is spectacular (Sapovadia et al. 2013).

SEWA builds the capacities of members through spearhead teams, to make them owners and managers of their own trades. As a measure of decentralization, district association implements all activities in districts. This support provides firm foundation for growth; leads to collective strength and increased bargaining power of workers. Flexibility in organizational style and structure encourages experimentation and learning, willingness to take advantage of partnerships with others and hence synergy of fraternity and cooperation.

The Indian Coffee House (ICH)

The Indian Coffee House is restaurant chain, run by series of worker co-operative societies having strong presence of 400 coffee houses. ICH is owned and managed by its employees since 1950. The society is engaged in selling coffee powder with rich aroma at reasonable prices and typical South Indian foods. Over the years, the society maintained traditional values of good taste, courteous service and unmatched quality.

The Coffee Board started ICH in early 1940s, but within few years, several restaurants were closed. The Coffee Board took decision to dismiss all employees. Large number of employees lost their jobs, they began agitation and compelled Coffee Board to handover the outlets to workers who then formed Indian Coffee Workers' Co-operatives and rechristened the network as ICH. Communist Gopalan Nambiar took leadership and organized societies across India. Several dismissed employees dedicated their life, money and services to the society. First such society was formed in Bengaluru in 1957 followed by several in later years. An eleven member managing committee elected from the employees governs the society.

ICH runs 13 workers cooperatives governed by managing committee, elected by employees. National level federation unites them under one umbrella. Market positioning is done by traditional ambience, healthy food, affordable price, courteous services and allowing refreshment place as meeting place to customers. On the basis on research conducted by research firm, The Nielsen, ICH was honoured with CNBC Awaaz Consumer Awards 2008, most preferred consumer Indian brand.

Gambhira Farming Cooperative Society Limited (GFCSL)

Farmers of Gujarat's Kheda District established GFCSL in 1953. GFCSL has members from 3 villages near Anand, town famous largest dairy cooperative AMUL. The state government distributed 201 acres of land on the riverbed to 176 farmers. The members of society have been divided into 30 working groups for operational convenience. Each group has 8-14 members, who choose their group leader allocates 13-24 acres for farming. The land and other assets belong to the society. The members do not have ownership rights on assets or cultivation decisions. The society undertakes primary farming activities including tillage, purchase, irrigation, storage and marketing of produce (Patel et al. 2010).

The farming by small farmers becomes non-viable due to downsizing of land holdings, limited resource, low investment capabilities, limited bargaining power in procurement of inputs, storage capacity; and changing market conditions. Procurement of inputs and cropping pattern is decided collectively, while technical help is provided by society. Members give half of their produce to the society. The strategy is based on two fundamental principles; the small size homogenous groups of 10-12 households are better

unit of cultivation than individual farmer or large collectives, these groups are supported by quality infrastructure to enhance productivity (Sudarshan, 2012).

The society helps to earn livelihood to farmers and have improved their socioeconomic condition. Sales revenue in year 2010-11 was INR 32.60 million. A member contribute labour for 150-180 days, significantly earn higher than cultivating individually and allows yearly earning of INR 90,000 (Sudarshan 2014).

Shri Mahila Griha Udyog (Lijjat)

Popularly known as Lijjat, a cottage industry, is Indian women's cooperative engaged in manufacturing of food and fast-moving consumer goods. Women empowerment is done by providing employment opportunities and enabling them decent earning and dignified livelihood. Lijjat started informally in 1959 with small capital, crossed sale of INR 6500 million in 2010. Lijjat provides employment to 42,000 people through 67 branches. All members are owners; decisions are based on consensus. Lijjat is famous for products like *papad* (thin crisp food preparation served in India as an accompaniment to meal made of black gram, pulses, salt, pepper and spices) and '*sasa*' detergent powder.

Lijjat emphasize importance of quality standards, working as business enterprise and transparency. Only woman looking for work can approach any branch to join without fees, monthly earn approximate INR 3,000 working from home. Lijjat works on Gandhian philosophy of '*Sarvodaya*' (universal uplift) and 'Trusteeship'. To achieve motive of generating self-employment for women, no machinery is used in production. Lijjat believes in quality goods at reasonable prices and has adopted the concept of mutual family affection, concern and trust. All affairs are dealt in manner similar to a family. Lijjat believes that for members and employees; the organization is place of worship to devote one's energy for benefit of all.

The management is entrusted to the 21 members' elected managing committee. Irrespective of seniority, responsibility or work type, each member gets equal share of profit. Woman who pledges to adopt the institution's values can become member of Lijjat and can participate in election. The members involved in rolling of the *papads* require clean house and space to dry the *papads* they make. Woman without house can take up other responsibilities, like kneading dough, packaging or testing for quality. Once pledge form is signed, she becomes member and considered as sister-member. Production is carried out from thousands of individual homes. Every branch ensures that all activity is within standard. The branch is responsible for all activities from production, testing, packaging, collection, and profit distribution. Core activities like purchases are centralized to gain advantage of collective bargaining and control.

Lijjat has evolved good governance structure by giving branches autonomous status. Profits remain with the respective branches which is used to augment business after due share is distributed among members. Lijjat focus on division of work among different divisions based on expertise like advertising, marketing, sales promotion and exports. There is greater coordination between different branches and divisions.

Working Women's Forum – India (WWF)

Padmsri award recipient Dr. Jaya Arunachalam founded WWF in 1978 with an objective of social and economic up-liftment of poor women in Tamilnadu (Nachiappan et al. 2008). WWF is strong working women cooperative functioning in tandem with sister-concerns; Indian Co-operative Network for Women (ICNW) and National Union of Working Women (NUWW). Mission of WWF is poverty reduction and strengthening of economic and social status of poor working women through micro-credit, training,

social mobilization and other interventions. WWF and ICNW has commendable task of serving its members in South India. WWF enhances the social and financial independence of women through credit wing and provides loan at low interest rates encouraging entrepreneurship.

WWF is characterized by grassroots orientation, with feminist approach based on promotion of leadership among working women through cost-effective large-scale outreach. WWF's purpose is to raise awareness and promote collective action for social change and sustainable development. The organizational structure is innovative based on group dynamics. The aim is to integrate target group of marginalized and vulnerable women at all levels in institutional framework, using them as effective delivery mechanism to reach other poor women. At the apex level of the structure are members of the Forum. Membership at WWF is based on the group principle. Generally 5-10 members, irrespective of their occupation, form group and elect group-leader. The group-leader is responsible for the repayment of loan by the group and as an incentive, a higher amount of loan to the group-leader. Each member vouches for the other members and is "guarantor" for each other. Area leaders are next in hierarchy, become link between WWF and members. A unique feature of the organizational structure is that it paves way for members to move up hierarchical ladder and reach the position of Vice President. There is facilitation of free flow of information from the President to members and vice versa. WWF provides an organized platform, access to credit, education, healthcare, training, orientation towards promoting social and financial independence to fight poverty and gender discrimination.

The credit program of ICNW has extended credit to 410,545 entrepreneurs of approximate INR 1203 million; the recovery rate of credit is 98.66%. NUWW, WWF's trade union wing facilitates the poor women in their struggles to fight for labour, land, housing, human rights issues like female foeticide, child prostitution etc. (Sapovadia et al. 2013).

Kamani Tubes Workers' Cooperative Society Limited (KTLWCS)

Kamani Tubes Limited (KTL) was set up in 1960 to manufacture copper alloy tubes by private entrepreneur. In 1985, due to management problems, the manufacturing unit became sick and was closed. When the owners abandoned, the independent workers' union consisting of 600 workers approached the creditors and government to help revival of KTL. The union then formed a cooperative to take over KTL. Claiming that workers could raise the share-capital from their provident fund, wage arrears and loans, the union filed petition in Supreme Court. The court asked the Board for Industrial and Financial Reconstruction (BIFR) to examine the union's proposal. Amidst legal hurdles, Supreme Court upheld the workers' action to own factory through workers cooperatives. The existing workers in KTL formed KTLWCS. At the behest of Court, workers' co-operative society took over KTL after sanction of rehabilitation scheme by BIFR in 1988, accordingly, shares were transferred to the cooperative. In addition to workers' contribution, the state government sanctioned sizeable grant.

Initially after revival, the company has made good progress. Production, wages and profit gone up, in next couple of years, the workers and management rift started. The hired managers failed to satisfy workers' demands. The workers failed as entrepreneur, mainly because leaders had disregarded democratic processes of decision-making, mounting financial problems, lack of participation made workers wary of leaders. The divide between workers and managers was re-created; as a result, productivity and profit fell. The worker lost interest in the functioning of KTL. KTL could not implement the sanctioned scheme, BIFR declared the scheme as failed. When all efforts fatigued, the manufacturing unit was closed and creditors took the control to find out buyer for the sick unit. A private entrepreneur purchased company in 2006. The workers were paid their dues, many of them were retained in the job, but KTLWCS failed to retain ownership and control of KTL.

Mumbai Tiffin Box Supplier's Association (MTBSA)

The Mumbai Tiffin service originated by *dabbawala* (person carrying lunchbox) in 1880, informally unionized in 1930, registered in 1956 as Nutan Mumbai Tiffin Box Suppliers Trust. Its commercial arm MTBSA was registered in 1968. Daily approximately 5000 *dabbawalas* deliver homemade food to about 200,000 customers in every corner of Mumbai. *Dabbawala* collect lunchbox from customer's home, carry and deliver to the workplace. Office-goers usually leave early in morning and get back late evening, mostly commute from Mumbai outskirts and travel south, main commercial area. Railway network during the peak hours is jam-packed, hence commuters cannot carry lunchbox. Homemade hygienic lunch is preferred over expensive outside meal. By delivering lunch filled with home prepared food, *dabbawalas* provide viable solution to office-goers. Depending on location and collection time, *dabbawala* charge very small amount for delivering lunchbox.

MTBSA is three-tier organization (i) governing council with nine directors and executives (ii) *mukadams* (supervisor) and (iii) *dabbawalas*. Under the supervision of four *mukadams*, *dabbawalas* are divided into small groups, responsible for day-to-day functioning. A dedicated worker can be member of MTBSA. The member will invest small capital of INR 5000 to bring bicycle, wooden crate for carrying lunchboxes, white cotton clothes and Gandhi style cap. MTBSA regulates activities of members and resolves their conflicts with, customers or authorities. The *mukadams* has authority to impose reasonable fines on *dabbawala* who commit repeated errors. The group is financially independent but coordinates with other groups for deliveries of lunchbox. The process is competitive at the customers end due to low fee based on cooperative efforts. All members are treated equal regardless of the work done; gets paid about 2000-4000 rupees per month.

The *dabbawala* pick up lunchbox, appropriately coded and sorted at each suburban as per location of delivery. Though number of transactions per day is large, each person handles limited number of transactions. The external container that houses the lunchbox is of standard shape and size. The containers are placed in wooden crate with the lids of the entire lot visible. They never lose custody of the wooden crate throughout the delivery process. Area wise crates are loaded in train and unloaded as per code at its destination, where another *dabbawala* collect and deliver lunchbox to the building of client, who identifies his box based on markings on lunchbox, and puts back after lunch. The local *dabbawalas* and customers know each other. *Dabbawalas* are generally well accustomed to the local areas they cater, use shortcuts and other low profile routes to deliver lunchbox on time. Though *dabbawalas* are virtually illiterate, there is only one mistake in every 6,000,000 transactions (Forbes Magazine 2002). This error rate means in effect only one tiffin is lost every two months. MTBSA carries 'ISO' certificates awarded for high quality work. They are recognized for excellence in supply chain management, time management, commitment, honesty and integrity. Forbes awarded MTBSA 'the 6 Sigma performance rating', a term used in quality assurance if the percentage of correctness literally is absolute. The success of the operation is due to extreme certainty, predictability of the operation, simple design and low cost.

Management of Enterprise and Development of Women (MEDOW)

Titan and MYRADA set up MEDOW in 1996, with the aim of providing employment opportunities to young women. By redefining societal attitudes MEDOW has given wings of social and economic empowerment to rural women of Karnataka, The profits are shared equally among working members with a significant amount being added every year to corpus. This takes care of the company's various needs and benefits the employees' families. Titan has its manufacturing facility in Krishnagiri district, drought-prone, backward area suffering from multiple social problems, low literacy, gender inequality, child labour etc. To address these issues, Titan is working since 1992 with MYRADA, Non-Governmental Organization that facilitates women's self-help groups, to combat gender inequality (Ujjwala, 2006).

Titan extensively trained the women in required skills, in accounting and documentation procedures. They were provided worktables, tools, and also introduced to the SAP system. The company collaborated with MEDOW to create infrastructure by contributing 50% of initial investment, provided technical training and expertise to run the business.

Titan's jewelry division began outsourcing in 2005 to MEDOW for some of the key activities in studded jewelry manufacturing. The women were trained intensively by Titan to hone their skills in jewelry making. Starting with the single task of bracelet link assembly, the women have acquired skills to undertake 16 different tasks at multiple locations. This brings win-a-win situation for workers and TITAN. The spirit of building livelihoods while doing business has enriched Titan with the satisfaction of empowering rural women to form a micro-enterprise and run it effectively. This engagement led to establishment of cost-effective, reliable and flexible skill base for company.

The Kerala Dinesh Beedi Workers' Cooperative Society (KDB)

The Kerala Dinesh Beedi Workers' Cooperative Society is home industry comprised of workers of Kerala Dinesh Beedi, now a diversified group engaged in various modern industries. *Beedi* is local homemade thin cigarette filled with tobacco flake and wrapped in *Tendu* leave.

KDB was formed from several unions of *beedi* workers with different political affiliations to bring workers together to overcome prevalent issues of unemployment and achieve concrete developmental task through team spirit and worker solidarity. Kerala State government implemented Cigar and Beedi Workers Act in 1967 to support *beedi* workers. A prominent private firm, Mangalore Ganesh Beedi, closed down all production operations in 1968, rendered 12000 workers jobless. Due to this crisis and with support of Government, KDB was formed in 1969, is the fourth largest *beedi* firm in India (Seetharaman et al., 1981). With the mission of the upliftment of weaker sections of society and foreseeing reducing smoking, it started new ventures to create employments like coconut milk extraction, curry powder, pickle and fruit processing unit. Dinesh Umbrella, division of KDB was started as diversification programme with wings of operations like Dinesh Apparels, Dinesh Software, Dinesh Foods, Dinesh Umbrella, Dinesh Beedi and Dinesh Auditorium. KDB provide full time employment to 12,000 workers through its functional units of *beedi* rolling, food processing, umbrella assembling, garments manufacturing and Information Technology (Gulati et al. 2002).

KDB offers higher benefits to workers than the state law; provides benefits like holiday wages, medical allowances, maternity, retirement, death benefits, and thrift loans. KDB do not employ child labour, and provide improved work environment by construction of work sheds, water and sanitary facilities, adequate space, ventilation and benches with backrests for *beedi* rollers.

Raw-material purchase in bulk is centralized like managing financial resources and marketing. KDB coordinates and supervises primary cooperative societies. The majority of the boards of directors are the workers. The surplus is distributed to workers and paid out as a reward for work as dividends. *Beedies* are manufactured by all 18 primaries under one brand. Sound financial management and efficient marketing have opened the doors to real improvements in living and working conditions of members. KDB pays INR 250 million as wages to workers who roll 1800 million *bidis* annually. KDB has adopted a piece-rate system of wages to provide a built-in mechanism to encourage output. The centralization of certain activities has allowed to "maintain effective balance between distribution of surplus and need for investment for future".

Findings:

The workers cooperatives under study have performed well except few. Worker Cooperatives combines entrepreneurship, cooperative values and commitment to community. The success of cooperative should not measure only by profit. Success of workers cooperative can be measured on two pillars, business enterprise and cooperative. Success depends upon entrepreneurship, innovation and good governance in ambit of cooperative principles. Annexure-I captures environmental crux of the study, in light of the above; following critical factors are considered to determine success of worker cooperatives.

Entrepreneurship: Workers' Cooperative is a business like any other business. As business enterprise, it gets value by supplying products and services to customers. To be successful enterprise, it must satisfy needs of customers through value creation. The strategy, execution, culture, and structure are the pillars of success, built by entrepreneur leader. The strategy should be well defined and clearly communicated. Irrespective of management tools and techniques it uses, strong hold of business basics is critical to success. Value it gets from the customers for supplying products and services must exceed cost involved in converting into output. In highly competitive business environment, workers cooperative must be innovative in product design and processes.

To make enterprise sustainable, workers' cooperative organization structure should appropriate blend of centralization and decentralization of authority. Extent of centralization is irrelevant for success if organizational structure is simple, without compromising the excellence. Make organization easy to work; put best people near important tasks. Careful selection of managerial workforce, delegation of power and appropriate control assist planned operations (Whyte et al. 1991). Promote cooperation and exchange of information across organization; establish seamless system for knowledge sharing.

Lijjat has successfully delegated authority for managing local affairs at branch level while purchase and finance is centralized. Branches are accountable for local marketing. GFCSL has delegated authority to decide crop pattern at group level and accordingly small land is handed over to groups. Marketing of farm produces are centralized to get scale of economies. SEWA has decentralized activities at group level. ULCCH has centralized work procurement, but group headed by director manages the implementation of project. WWF has successfully created group for lending credit, all group members are reciprocal guarantor, while leader of the group is given incentive for proper recovery. Technology is important but implementing it seamless is vital.

Workers cooperative can be registered under diverse statutes, each statute differently determines the power, scope, obligations, limitations and procedure to be followed by organization. Able leader succeeds irrespective of statute under which it is registered.

Evolution circumstance of workers cooperative is important. An organization comes with purpose as result of several environmental forces. If the people unite because of compelling circumstances, the cooperative get a boost to succeed. Cooperatives are formed for mutual socio-economic benefits. If the members perceive such benefits, chances of success will be higher. Entrepreneurship augments business strength based on its evolution. The cooperatives under study emerged due to socio-economic need, primarily to provide employment or capacity development. Rather than profit, providing salary, wages and livelihood to workers are prime objective. Entrepreneurial leader incorporate social value in organizational culture.

At time of inception, entrepreneurial leadership is vital. Strong local leadership may provide robust foundation to cooperative. Cooperatives attach importance and adherence to cooperation and institutional values which distinguishes them from other profit-oriented enterprises. Successful cooperative leader is visionary, entrepreneur and good human being (Sapovadia, 2004). The conventional wisdom says that what works best shifts with time. Success of Lijjat is based on leadership role with strong humanity and entrepreneurship. The role of the cooperative leader is not only to ensure

economic goals, but they are met within underlying cooperative values and principles. Success of MTBSA is based on having imbibed cooperation in business operation and strong local acquaintance. Leader know local business environment and people around it, one can lead the group if he is one among them. The success of GFCSL, ULCCH, KDB and ICH is based on strong local entrepreneurial leadership. Leader who create environment of trust and fraternity amongst its member can provide strong cooperative culture. Successful leader is perfect blend of cooperator and entrepreneur. His capacity to undertake business risk within given resources is critical to create and maintain trust of stakeholders.

Cooperative is organization for, by and of the people. Workers' cooperative is born as a result of local demand. Local support is *sine-qua-non* for the cooperative to succeed. Entrepreneurial leader understands local needs and satisfy by appropriate blending in its operations. Ability to manage resources effectively is necessary condition for success. Entrepreneurship uses resources optimally to make business viable.

Sustainability of cooperative organization depends on homogeneous members and mutuality of interest. Members have similar socio-economic status leading to better understanding. True leader keep members united and ensure member homogeneity. The essence of cooperative is to give and take cooperation. This kind of mutuality is possible, when there is feeling of fraternity and equality amongst members. Mutuality, equality and fraternity bring harmonic and peaceful relation. Successful leader keep their workers as fraternity to create synergy for mutual benefits.

Economic importance of cooperative in member's life is enormous. Higher the economic return, higher member involvement and commitment towards the cooperative. Cooperatives are considered to lead increased productivity, worker satisfaction, better job quality, and greater control of local economy. (Dickestein, 1991). True cooperative spirit lies in member centrality, i.e. keeping members in center while taking strategic decisions.

Mutuality of members and institutional goals, leads to success. A common enthusiasm, devotion, sense of unity, common interests and responsibilities in workers' cooperative are critical for smooth functioning and success. The leader at helm succeeds if sprit of cooperative is maintained throughout, as *esprit de corps* is the basis of strength.

Involvement of the member in workers' cooperative is indispensable. Involvement comes from the commitment. Involvement remains persistent if economic benefit is high. High frequency of transaction leads to more involvement of the member. The entrepreneurial leader ensures more transactions of workers with the cooperatives.

To establish strong cooperative require democratic governance system; appropriate organization structure, transparency and accountability. Leader must be able to build sentiment of *spirit- de- corps* and fraternity amongst members and promote member centrality. Success of SEWA is based on creating environment of fraternity. Good leader is open minded, quick learner and expert in number and he maintains economic interest of the society and members. Workers cooperatives are social entities and hence, leader needs to have good rapport with the government and society. The leaders who possessed creativity, credibility, and good communication have established strong cooperatives.

Governance is system of defining role and responsibilities of stakeholders so as to achieve objective of the organization. The workers' cooperatives are organization of its kind; confluence of enterprise and cooperative. Workers, those who govern are owner and who are governed are workers. Cooperative governance includes; board selection process, board composition, compensation, responsibilities, reporting and evaluation, member and stakeholder relations. Better the governance, better stability and success. The quality of governance ensures cooperative's survival and growth. Unless a cooperative

develops a culture of accountability across the value chain, it is difficult to sustain. In competitive environment only fittest survive; the cooperative has to be fittest to succeed. Those who exercise good governance practices have a greater chance of success.

Workers cooperatives as business entity are democratic institutions with a difference. In other type of business entities, quantum of equity determines member's power to vote. This is not true in worker cooperative, where all members get only one vote. If workers cooperative is governed by democratic process giving due importance to all workers, workers elect competent and honest board members, chances of success of the cooperative is higher (Bellás, 1972).

Decisions are means by which organizations turn ideas into action and decisions determines the fate. Decision tree has stems and roots in shareholders who from inception to be vigilant in selecting competent directors. Directors need continuous training in their duty as entrepreneur, trustee, manager and cooperator. They must instill with cooperative value and business skills. Decision making authority close to the front lines employees can make them react quickly to changing market conditions.

Successful entrepreneurs are adaptive, dynamic and vibrant. To be sustainable, workers cooperatives needs to understand and absorb changes that are happening in its environment (Nicholas et al. 2010). To remain sustainable, leaders must constantly change products and business processes through innovation in a viable way.

Innovation: The organization to be sustainable requires constant changes in product and processes. In competitive and changing environment, customers demand new product and approaches. Success of new generation cooperative is due to satisfaction of current demand of the consumers (Carlberg, 2006). Innovation help to discover what opportunities exist, or likely to emerge. Successful businesses respond to their customer or organisational needs, anticipate future trends and develop idea, product or service to effectively serve demand. Innovation help to stay ahead of competition as markets, technologies or trends shifts continuously. Innovative focus on existing business processes and practices to improve efficiency, find new customers, cut down waste to increase profits. Constantly innovating and improving business practices help to attract and retain workers.

Affordable pricing is important to address needs of small but many consumers. Responsive cooperatives launch innovative products by anticipating consumer mindset, persistently pursues technologies to develop products to enhance operating processes. It constantly strives to eliminate all forms of excess and waste to improve productivity.

The existence of any organization is based on product it serves to customers. Selection of products gives edge over competitors. Main asset of workers cooperative is human capital. They should select products in which workers are expert. Lijjat's *papad* with variety of products are daily consumables at small prices. KDB has expanded its umbrella by bringing modern industries like software. ULCH has bought modern machinery to construct bridges and high-rise building. ICH has lost its shining by serving traditional products. MTBSA uses cost effective approaches by choosing local train routes, using bicycles and coding system.

Businesses operate on profit margin. There is an economic justification for worker cooperatives to exist even if they cannot make profit so long as they provide economic benefit to their workers as salary. Within prevailing business environment, worker cooperative has the advantage; by reducing the price of products in comparison with its competitors, and adjust salary and benefits of workers in comparison with comparable employees.

Annexure-I

Environmental analysis of Workers' Cooperatives

No.	Basics	strengths	Limitations	Weaknesses
1	ULCCS, registered under The Cooperative Societies Act, employ 750 construction workers engaged in Construction	<ul style="list-style-type: none"> • Owning precious assets like farms, mines, modern machinery • Extraordinary skill in construction • Local business expertise • Mutual trust and help • Collective leadership/decisions 	Model cannot be replicated, Heavily relying on government, Limited dividend can be distributed under the law	Private contractors, Professional, technicians managing competing firms, Change in government
2	SEWA, registered under Indian Trade Unions Act engage 1,300,000 Self-employed woman, run Individual small businesses	<ul style="list-style-type: none"> • True representative of members • Elected through democratic process • Governance structures • Dedicated social workers 	Heterogeneous trade, members. Traditional technology	Competition with local trade, Change in government policy
3	The Indian Coffee House, registered under Cooperative Societies Act, employ 466 workers, engaged in restaurant and trade	<ul style="list-style-type: none"> • Prime locations in cities • Expertise in procuring coffee 	Viable in big cities, Rising prices of land, Traditional system	Change of food habits in new generation, Competing with modern restaurants
4	GCFSL, registered under Cooperative Societies Act, 291 farmer of Gambhira, nearby villages are members, engaged in farming	<ul style="list-style-type: none"> • Local visionary leadership, Attachment with local people and their needs • Market proximity 	Farming depends on rain, climate	Processing of farm products require huge investment, Limited storage capacity
5	Lijjat Papad, registered under Societies Registration Act 1860. Approximately 43,000 woman works in manufacturing of food, households	<ul style="list-style-type: none"> • Decentralized manufacturing • Strong manufacturing, marketing network • Flexible timings • Low investment 	Society Registration Act prohibits distribution of dividend, Relying on central office for raw material	Readymade food, producers using high tech machinery, Changing food habits
6	WWF, registered under Multi State Cooperative Act. 50,000 plus working woman are members, Individual businesses	<ul style="list-style-type: none"> • Dedicated credit wing • Combining economic activities with social issues • Innovative governance structure, credit system, recovery system 	Heterogeneous members	New Micro Finance institutes

7	KTLWCS, registered under Cooperative Societies Act, employed 400 worker engaged in manufacturing of steel tubes	<ul style="list-style-type: none"> Financial institute & court support Feeling of fraternity amongst workers Operational capacity 	Union lacks strategic, managerial skills	Company was taken over in 2006 by private entrepreneurs
8	MEDOW, registered under The Companies Act 1956, employs 275 rural woman willing to work in industry engaged in assembling & finishing of parts for parent organization	<ul style="list-style-type: none"> Support from TITAN Assured market 	<p>Private company cannot have more than 50 members</p> <p>Workers inability to manage operations independently</p> <p>Relying on sole support from TITAN</p>	Viability of MEDOW in long run may be affected if manual work replaced by automation
9	Mumbai <i>Dabbawala</i> , registered under Bombay Public Trust Act, employs 5000 workers as Tiffin supplier, delivering to offices	<ul style="list-style-type: none"> Cheap local train network Local acquaintance of workers Low investment Linear city 	Cannot be replicated in other cities, Law prohibits dividend distribution	Changing eating habits of new generation
10	KDB Workers Central Co-op Society registered under Cooperative Societies Act. Employs 12000 workers engaged in production of <i>beedi</i> , other products	<ul style="list-style-type: none"> Market Conditions, Sponsored by government Strong diversification Good rapport among management, regulatory authorities 	Tobacco cause health problems in workers, Primaries depend on Central society for raw material, finance & marketing	Awareness about tobacco causing cancer, Modern cigar manufacturing technology

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